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BY EMAIL

Mary Ann D'Amato
George L. Maniatis, Esq.
Mendes & Mount
750 Seventh Avenue
New York, NY 10019-6829

Re: CDE v. North River Insurance Company

Dear Mary Ann and George:

For roughly 20 years, Cornell-Dubilier Electronics, Inc. ("CDE") has requested that London Market Insurers (collectively "Lloyds") defend and indemnify CDE with respect to the South Plainfield site (the Site"). Lloyds has again and again declined those requests. Indeed even after Lloyds was found liable for coverage for the Site in 2004, it still did not offer to participate in CDE's defense for the Site. Given Lloyds total abandonment of its insured and its failure to comply with its contractual obligations, Lloyds cannot complain that CDE has attempted to protect itself by resolving its potential liability for the Site on the best terms it could obtain from the government.

Lloyds' objections to the Consent Decree are utterly without merit as is Lloyds' claim that it did not have access to government cost estimates for the Site. Lloyds, through its indemnitor Exxon, has obtained extensive information about the Site directly from EPA. Moreover, CDE has provided Lloyds with (1) EPA's past cost summaries as they have been released and (2) EPA's cost estimates for future work at the Site as set forth in the October 25, 2007 Proof of Claim filed by the United States in connection with the Dana bankruptcy. In that Proof of Claim, the government estimated its cleanup costs at South Plainfield would run slightly above $313 million, as follows:

OU1	$5,629,000
OU2	$154,730,000
OU3	$44,762,900
OU4	$108,222,400
Total	$313,344,300

The estimates from the 2007 Proof of Claim, which CDE sent to you several years ago, are not materially different from the estimates used in the proposed settlement as set forth in the Consent Decree. As to Lloyds' claim that it was not aware that any Natural Resource Damages claims had been made against CDE, that is not true. EPA's notice letters make clear that CDE is a potentially responsible party under CERCLA Section 107(a) which includes responsibility for both cleanup costs and natural resource damages.

Ultimately, any objections Lloyds has to the proposed settlement should be made not to CDE but to the United States during the public comment period provided under Section 122 of CERCLA and then to the federal court, when it determines if the Consent Decree is fair, reasonable, and consistent with the public interest. To the extent Lloyds is saying CDE should turn down a settlement which it believes will meaningfully limit its ultimate exposure at the South Plainfield site (and the liability of its insurers), Lloyds is presumably waiving its policy limits and agreeing to defend and indemnify CDE whatever the ultimate result since it would be bad faith for Lloyds to interfere with a settlement of a policyholder where Lloyds has not accepted any, let alone full, responsibility for defense and indemnity. If Lloyds is waiving its policy limits and agreeing to defend and indemnify CDE whatever the ultimate result, please confirm that in writing prior to the close of business today.

As to CDE's communications with the government, those are plainly confidential settlement communications – a principle that Lloyds is well aware of since Lloyds refused CDE's request that Lloyds provide copies of its settlement communications with Exxon concerning the 2000 Settlement Agreement.

Sincerely yours,

Robert S. Sanoff

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